

**Platte Township**

*Benzie County, Michigan*

*Audited Financial Statements  
& Supplemental Information  
For the Year Ended March 31, 2004*

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Platte Township</b>	County <b>Benzie</b>
Audit Date <b>March 31, 2004</b>	Opinion Date <b>May 27, 2004</b>	Date Accountant Report Submitted to State:	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

### We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	XX		
Reports on individual federal financial assistance programs (program audits).			XX
Single Audit Reports (ASLGU).			XX

Certified Public Accountant (Firm Name) <b>J L Stephan Co, PC</b>			
Street Address <b>862 E. Eighth St.</b>	City <b>Traverse City</b>	State <b>MI</b>	ZIP <b>49686</b>
Accountant Signature 			

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INTRODUCTORY SECTION

**Platte Township**  
*Benzie County, Michigan*  
*Comments and Recommendations*

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We have audited the financial statements of Platte Township, Benzie County, for the year ended March 31, 2004 and issued our report thereon dated May 27, 2004. As part of our audit, we studied and evaluated the Township's internal control structure. Because the study and evaluation were only part of the overall audit plan regarding the financial statements, our study was more limited than would be necessary to express an opinion on the system of internal control taken as a whole. Accordingly, we do not express an opinion on the system of internal control of the Township taken as a whole. As the result of conditions we noted while performing your audit, we would like to make the following comments and recommendations.

*Opening Comments*

Your Clerk and Treasurer maintained the records of the Township in good condition. Recorded revenues were deposited timely and in tact. In a continuing effort to enhance internal control and improve the accounting system, financial reporting, and overall management, we offer the following comments and recommendations.

*Delinquent Property Tax*

The Treasurer should allocate receipts of delinquent property taxes between property tax and administration fee in order that the Clerk can properly post transactions.

*Tax Collection*

The Michigan Department of Treasury requires the Treasurer to maintain a tax collection receipts journal of property tax collections. The tax collection journal should be maintained and totaled even though the county has a new system.

*Budget*

We noted that the Township's 2003/2004 budget did not include prior year's actual or estimated revenues and expenditures and fund balances as required by the Uniform Budget Act.

*Investment Policy*

P.A. Act 196 of 1997 requires local units to adopt an investment policy and provide a copy of this policy to all financial institutions used by the unit. An investment policy has now been adopted by Township Officials. We commend the Township for implementing this policy.

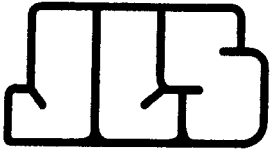
*Insurance Coverage*

Based on our review of Township insurance policies, it appears that the Township Hall has coverage limited to \$93,500 for the building and \$3,080 for building contents. This coverage is further subject to an 80% coinsurance clause. The Township Board should review all their insurance plans to insure that have adequate coverage in case something were to happen.

*Closing Comments*

We will be happy to discuss any of these recommendations with you and assist you in their implementation. As a matter of course, we will furnish you with the necessary copies of this audit report for mailing to the State Treasury Department. We further appreciate the courtesy extended our field auditors in the conduct of this audit engagement. Should any questions arise on this audit report and the conduct of our audit, please call upon us.

FINANCIAL SECTION



# J L Stephan Co PC

Certified Public Accountants

Jerry L. Stephan, CPA  
John P. Morse, CPA

Marty Szasz, CPA  
David Skibowski, Jr., CPA

## INDEPENDENT AUDITOR'S REPORT

Platte Township Board  
5412 Indian Hill Road  
Honor, MI 49640

We have audited the accompanying financial statements of Platte Township, Benzie County, Michigan, as of and for the year ended March 31, 2004, as listed in the table of contents. These financial statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, Platte Township prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Platte Township as of March 31, 2004, and the results of its operations for the year then ended in conformity with the cash basis of accounting.

Our audit was made for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying financial information listed as Supplemental Data in the Table of Contents is presented for purposes of additional analysis and is not a required part of the financial statements of Platte Township. This information has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*J L Stephan Co PC*

May 27, 2004

**Platte Township**  
*Combined Balance Sheet*  
*Cash Basis*  
*All Fund Types and Account Groups*  
*March 31, 2004*

*Exhibit A*

	<i>Governmental Fund Types</i>	<i>Fiduciary Fund Types</i>	<i>Account Group</i>	
	<i>General Fund</i>	<i>Trust and Agency Funds</i>	<i>General Fixed Assets</i>	<i>Totals (Memo Only)</i>
<b>Assets</b>				
Cash	\$ 82,676	\$ -	\$ -	\$ 82,676
Due from Other Funds	-	-	-	-
General Fixed Assets	-	-	89,035	89,035
<b>Total Assets</b>	<u>\$ 82,676</u>	<u>\$ -</u>	<u>\$ 89,035</u>	<u>\$ 171,711</u>
<b>Liabilities and Fund Equity</b>				
<i>Liabilities</i>				
Due to Other Funds	\$ -	\$ -	\$ -	\$ -
Due to Other Units	-	-	-	-
Due to Others	-	-	-	-
<b>Total Liabilities</b>	-	-	-	-
<i>Fund Equity</i>				
Investment in General Fixed Assets	-	-	89,035	89,035
Fund Balances	82,676	-	-	82,676
<b>Total Fund Equity</b>	<u>82,676</u>	<u>-</u>	<u>89,035</u>	<u>171,711</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 82,676</u>	<u>\$ -</u>	<u>\$ 89,035</u>	<u>\$ 171,711</u>

See Accompanying Notes to Financial Statements

**Platte Township**  
*Statement of Revenues, Expenditures and Changes in Fund Balance*  
*Cash Basis*  
*All Governmental Fund Types*  
*For the Year Ended March 31, 2004*

*Exhibit B*

	<i>General Fund</i>
<b>Revenues</b>	
Taxes	\$ 25,733
State Shared Revenue	23,208
Charges for Services	3,015
Licenses & Permits	-
Interest & Rents	1,224
Other Revenues	1,451
<i>Total Revenues</i>	54,631
<b>Expenditures</b>	
General Government	35,888
Public Safety	12,282
Public Works	2,384
Other Functions	-
<i>Total Expenditures</i>	50,554
<i>Excess Revenues (Expenditures)</i>	4,077
<i>Other Financing Sources (Uses)</i>	
Operating Transfers In	-
Operating Transfers (Out)	-
<i>Total Other Financing Sources (Uses)</i>	-
<i>Excess Revenues &amp; Other Sources Over (Under) Expenditures &amp; Other Uses</i>	4,077
Fund Balance - Beginning of Year	78,599
Fund Balance - End of Year	\$ 82,676

*See Accompanying Notes to Financial Statements*

**Platte Township**

Exhibit C

*Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual - Cash Basis  
All Governmental Fund Types  
For the Year Ended March 31, 2004*

	General Fund		
	Budget	Actual	Favorable (Unfavorable)
<i>Revenues</i>			
Taxes	\$ 22,000	\$ 25,733	\$ 3,733
State Shared Revenue	20,000	23,208	3,208
Charges for Services	700	3,015	2,315
Licenses & Permits	-	-	-
Interest & Rents	2,000	1,224	(776)
Other Revenues	100	1,451	1,351
<i>Total Revenues</i>	44,800	54,631	9,831
<i>Expenditures</i>			
General Government	41,000	35,888	5,112
Public Safety	14,000	12,282	1,718
Public Works	3,000	2,384	616
Contingency	3,000	-	3,000
Other Functions	-	-	-
<i>Total Expenditures</i>	61,000	50,554	10,446
<i>Excess Revenues (Expenditures)</i>	(16,200)	4,077	20,277
<i>Other Financing Sources (Uses)</i>			
Operating Transfers In	-	-	-
Operating Transfers (Out)	-	-	-
<i>Total Other Financing Sources (Uses)</i>	-	-	-
<i>Excess Revenues &amp; Other Sources Over (Under) Expenditures &amp; Other Uses</i>	<u>\$ (16,200)</u>	4,077	<u>\$ 20,277</u>
Fund Balance - Beginning of Year		<u>78,599</u>	
Fund Balance - End of Year		<u>\$ 82,676</u>	

See Accompanying Notes to Financial Statements

**Platte Township**  
*Benzie County, Michigan*  
*Notes to Financial Statements*  
*March 31, 2004*

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**Note 1 - Description of Operations and Fund Types**

Platte Township is a common law Township as defined by the laws of the State of Michigan. An elected Supervisor and Township Board govern the Township. The current state taxable valuation is \$10,472,728.

**A. Reporting Entity**

The criteria established by Statement Number 14 of the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity's financial statements are based primarily on the concept of financial accountability. On this basis, accordingly, the financial statements of any other organizations are not included in these financial statements.

**B. Basis of Presentation**

The financial activities of the local unit are recorded in separate funds and account groups, categorized and described as follows:

*Governmental Funds*

*General Fund* - This Fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state distributions, and interest on investments.

*Fiduciary Funds*

*Trust and Agency Funds* - Trust and Agency Funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The Tax Collection Fund belongs to this fund group.

*Account Groups*

*General Fixed Assets Account Group* - This Account Group presents the fixed assets of the local unit utilized in its general operations (non-proprietary fixed assets).

**Note 2 - Summary of Significant Accounting Policies**

**A. Basis of Accounting**

The Township's policy is to prepare its financial statements on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenditures are recognized when cash is disbursed rather than when the obligation is incurred. Agency Funds of the township also recognize assets and liabilities on the cash basis.

The general fixed asset account group is not a fund. It is concerned only with the measurement of financial position. It is not involved with measuring the results of operations.

**Platte Township**  
*Benzie County, Michigan*  
*Notes to Financial Statements*  
*March 31, 2004*

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**Note 2 - Summary of Significant Accounting Policies - continued**

**B. Budgets**

The General Fund is under formal budgetary control. Budgets shown in the financial statements for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Township.

In the body of the combined financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted to the activity level.

Encumbrance accounting is not used and appropriations normally lapse at year-end.

**C. Fixed Assets**

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are excluded from general fixed assets as such items are immovable and of value only to the Township. No depreciation has been provided on general fixed assets.

Fixed Assets are recorded at historical cost. Donated fixed assets are valued at the fair market value as of the date received.

**D. Property Taxes**

The Township collects property taxes between December 1 and February 28. Any uncollected real property taxes, which become delinquent March 1 are purchased (paid) by Benzie County approximately 90 days after the Township's year end.

**E. Total Column**

The total column on the financial statements is captioned (Memo Only) to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**Note 3 - Material Violations of Legal and Contractual Provisions**

**A. Budget Compliance**

P.A. 621 of 1978, Section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended March 31, 2004, the Township had the no expenditures in excess of amounts appropriated:

The 2003/2004 budget did not include prior year's actual revenues and expenditures and fund balances as required by the Uniform Budget Act.

**Platte Township**  
*Benzie County, Michigan*  
*Notes to Financial Statements*  
*March 31, 2004*

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**Note 3 - Material Violations of Legal and Contractual Provisions - continued**

**B. Investment Policy**

P.A. Act 196 of 1997 requires local units to adopt an investment policy and provide a copy of this policy to all financial institutions used by the unit. An investment policy has been adopted by Township Officials.

**Note 4 - Deposits with Financial Institutions**

**A. Legal or Contractual Provisions for Deposits and Investments**

The Michigan Political Subdivisions Public Act 20 of 1943, as amended by Public Act No 217 of 1982 and Public Act 196 of 1997, states the Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

1. In bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States.
2. In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the financial institution complies with subsection (2).
3. In commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and which matures not more than 270 days after the date of purchase.
4. In United States government or Federal agency obligation repurchase agreements.
5. In banker's acceptances of United States banks.
6. In mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

**B. Type of Deposits and Investments**

The Township maintains all its surplus funds in the form of a savings account, checking accounts and a certificate of deposit. Interpreting the FDIC insurance coverage of \$100,000 per deposit to apply to the total savings/time deposits separately from checking/demand deposits for purposes of applying the \$100,000 limit, the bank balances as of March 31, 2004 appear to be entirely insured for all funds.

**Platte Township**  
*Benzie County, Michigan*  
*Notes to Financial Statements*  
*March 31, 2004*

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**Note 5 - Changes in General Fixed Assets**

Fixed assets in the General Fixed Asset Group of Accounts are summarized as follows:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Deletions</i>	<i>Ending Balance</i>
Land and Improvements	\$ 36,425	\$ -	\$ -	\$ 36,425
Building	45,449	-	-	45,449
Office Furniture	4,636	-	-	4,636
Kitchen Equipment	2,227	-	-	2,227
Maintenance Equipment	<u>298</u>	<u>-</u>	<u>-</u>	<u>298</u>
Total	<u>\$ 89,035</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,035</u>

**Note 6 - Risk Management**

The Township pays an annual premium to Home Owners Insurance Company. The Township carries coverage for property damage, liability, valuable paper, crime, and inland marine claims. Also, the Township carries worker's compensation insurance with Accident Fund Company. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

SUPPLEMENTAL DATA SECTION

**Platte Township**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Cash Basis**  
**For the Year Ended March 31, 2004**

Schedule 1

	<i>Budget</i>	<i>Actual</i>	<i>Favorable (Unfavorable)</i>
<i>Revenues</i>			
Property Tax	\$ 8,000	\$ 10,768	\$ 2,768
Property Tax Administration Fee	2,000	2,808	808
Swamp Tax	12,000	12,157	157
State Shared Revenue	20,000	23,208	3,208
Charges for Services - Sales	100	1,325	1,225
Charges for Services	600	1,690	1,090
Licenses & Permits	-	-	-
Interest Earned	2,000	1,224	(776)
Rents	-	-	-
Reimbursements	100	1,255	1,155
Other	-	196	196
<i>Total Revenues</i>	<u>44,800</u>	<u>54,631</u>	<u>9,831</u>
<i>Expenditures</i>			
Township Board	8,000	7,861	139
Supervisor	4,500	4,376	124
Clerk	5,500	4,916	584
Treasurer	6,000	5,079	921
Elections	2,000	593	1,407
Board of Review	1,000	787	213
Payroll Tax	1,500	1,169	331
Township Hall	4,500	4,230	270
Assessor	4,500	3,817	683
Cemetery	3,500	3,060	440
Fire	14,000	12,282	1,718
Roads	3,000	2,384	616
Contingency	3,000	-	3,000
<i>Total Expenditures</i>	<u>61,000</u>	<u>50,554</u>	<u>10,446</u>
<i>Excess Revenues (Expenditures)</i>	(16,200)	4,077	20,277
<i>Other Financing Sources (Uses)</i>			
Operating Transfers In	-	-	-
Operating Transfers (Out)	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess Revenues &amp; Other Sources Over (Under) Expenditures &amp; Other Uses</i>	<u>\$ (16,200)</u>	<u>4,077</u>	<u>\$ 20,277</u>
Fund Balance - Beginning of Year		<u>78,599</u>	
Fund Balance - Beginning of Year		<u>\$ 82,676</u>	

See Accompanying Notes to Financial Statements

**Platte Township**

Schedule 2

*Fiduciary Funds**Statement of Changes in Assets and Liabilities  
For the Year Ended March 31, 2004*

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Deductions</i>	<i>Ending Balance</i>
<i>Tax Collection Fund</i>				
<i>Assets</i>				
Cash in Bank	<u>\$ -</u>	<u>\$ 261,243</u>	<u>\$ 261,243</u>	<u>\$ -</u>
<i>Liabilities</i>				
Due to County	\$ -	\$ 130,692	\$ 130,692	\$ -
Due to Schools	-	116,980	116,980	-
Due to Township	-	12,461	12,461	-
Due to Others	<u>-</u>	<u>1,110</u>	<u>1,110</u>	<u>-</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 261,243</u>	<u>\$ 261,243</u>	<u>\$ -</u>

See Accompanying Notes to Financial Statements